



June 18, 2013

The Honorable Michael Grimm
United States House of Representatives
Washington, D.C. 20515

Dear Congressman Grimm

On behalf of the New York State Society of Certified Public Accountants, we would like to express our strong support for H.R. 1564, the *Audit Integrity and Job Protection Act*, introduced by Representatives Robert Hurt of Virginia and Gregory Meeks of New York. This bipartisan legislation would prevent the Public Company Accounting and Oversight Board (PCAOB) from requiring a mandatory audit firm rotation requirement for public company auditors and bring the lingering firm rotation debate in the U.S. to a swift conclusion.

We remain concerned that mandatory audit firm rotation could have unintended consequences and ultimately *reduce* audit quality. Mandatory firm rotation will limit the accumulation of knowledge and experience upon which an audit firm develops an understanding of a specific company's operations.

Smaller multi-disciplinary firms could abandon their public company audit practice in favor of providing non-audit services to public companies or focus instead on private company practice if the firm is unable to absorb the additional administrative and financial burdens associated with mandatory firm rotation. For the public company, audit committee and audit firm, the cost burden of adapting to a rotation schedule would be damaging.

During the comment process, nearly 700 comment letters were sent to the PCAOB, with 91 percent of respondents opposing rotation. The vast majority of the letters were adverse to mandatory firm rotation, citing costs, negative impacts on audit quality, enhanced fraud risks and uncertain benefits. Despite the overwhelming evidence and the decidedly one-sided feedback, the PCAOB has not finalized the process. Therefore, we believe H.R. 1564 would appropriately conclude the U.S. policy debate regarding the concept of mandatory firm rotation.

The intent of H.R. 1564 is reflective of the true direction of the mandatory firm rotation debate in the United States. The PCAOB has provided little indication that mandatory firm rotation would improve audit quality. In fact, we firmly believe mandatory firm rotation will likely harm audit quality, cost businesses, disrupt the economy and introduce other unintended consequences into the audit process. For these reasons, we urge the passage of H.R. 1564.

Sincerely,

A handwritten signature in blue ink that reads "J. Michael Kirkland".

J. Michael Kirkland, CPA
President, NYSSCPA